

## ARKANSAS PUBLIC SERVICE COMMISSION

ARK. PUBLIC SERV. COMM

1st Revised

Sheet No. 2-5

Original

Sheet No. 2-5

SECRETARY OF COMM.

2012 APR -2 P 1:45

Central Arkansas Telephone Cooperative, Inc.

Company Name

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Kind of Service Telecommunications

Class of Service: All

Part III. Rate Schedule No. 2

Title: LIFELINE SERVICE

PSC File Mark Only

## (CT) 2. LIFELINE ASSISTANCE PROGRAM (continued)

## 2.5 CERTIFICATION (cont)

## 2.5.2 Certification of eligibility through low income qualification.

## 2.5.2.1

This ETC participates in the ALIVE Board program established by the Arkansas General Assembly in 2005 through Act 2289 of 2005 to provide a governmentally maintained income qualification certification process that includes self-certification by applicants, under penalty of perjury, that the documentation presented by the applicant accurately represents their annual household income and provides the number of individuals in the household. Per F.C.C. order, each subscriber must provide certain certifications when enrolling in the Lifeline Program. New Lifeline subscribers must provide documentation of program-based eligibility, which the Telephone Company enrolling the subscriber should review, but not retain. Should the subscriber attempt to certify based on income, the Telephone Company shall be provided supporting documentation in order to complete the certification. The certifying document shall also include the requirement that the consumer will notify this ETC if the consumer's income exceeds 135% of the Federal Poverty Guidelines. The ALIVE Board program shall provide this ETC with a copy of the above referenced procedures. This ETC shall review the procedures to ensure the procedures are appropriate to certify and document income

## ARKANSAS PUBLIC SERVICE COMMISSION

1st Revised \_\_\_\_\_ Sheet No. 2-6  
 Original \_\_\_\_\_ Sheet No. 2-6  
 Central Arkansas Telephone Cooperative, Inc.  
 Company Name  
 Kind of Service Telecommunications Class of Service: All  
 Part III. Rate Schedule No. 2  
 Title: **LIFELINE SERVICE**

ARK. PUBLIC SERV. COMM.

SECRETARY OF COMM.

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## (CT) 2. LIFELINE ASSISTANCE PROGRAM (continued)

## 2.5 CERTIFICATION (cont)

2.5.2.2 This ETC shall monitor the ALIVE Board to ensure the ALIVE Board establishes appropriate procedures and provides this ETC with a copy of such procedures. This ETC shall review the procedures to ensure the procedures are appropriate to certify and document income based eligibility for lifeline enrollment. An officer of this ETC shall monitor the ALIVE Board certification process and procedures and shall certify at time of enrollment, under penalty of perjury, to the best of the officer's knowledge, that this ETC has procedures in place to review documentation via the ALIVE Board, and that the ETC, via the ALIVE Board, was presented with documentation that confirms the consumer's household eligibility, in that the consumer's household income is at or below 135% of the Federal Poverty Guidelines.

## 2.5.3 Certification of eligibility through participation in governmental programs

2.5.3.1 The applicant's eligibility for lifeline service due to participation in governmental programs shall be certified by the applicant in coordination with the governmental entity providing, monitoring, or reviewing program participation. For instance, many programs may be provided by the Department of Human Services, Department of Health, and local school districts. This ETC, through the ALIVE board or the third-party, will coordinate with the applicant and the appropriate governmental entity to ensure proper certification. This ETC shall require the third-party to establish appropriate procedures that include self-certification by applicants, under penalty of perjury, that the applicant receives benefits from the eligibility programs and identify the program or programs from which the applicant receives benefits. The certifying document shall also include the requirement that the consumer will notify this ETC if the consumer ceases to participate in the program or programs.

## ARKANSAS PUBLIC SERVICE COMMISSION

<u>1st Revised</u>	Sheet No. <u>2-7</u>
<u>Original</u>	Sheet No. <u>2-7</u>
<u>Central Arkansas Telephone Cooperative, Inc.</u> Company Name	
Kind of Service <u>Telecommunications</u>	Class of Service: <u>All</u>
Part III. Rate Schedule No. <u>2</u>	
Title: <b>LIFELINE SERVICE</b>	

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## (CT) 2. LIFELINE ASSISTANCE PROGRAM (continued)

## 2.6 CONSUMER COMPLAINT RESOLUTION

## 2.6.1 General

## 2.6.1.1

The Federal Lifeline Program requires a consumer complaint resolution process. The Arkansas Public Service Commission has determined in Order No. 1 of Docket No. 05-038-U that any ETC, which maintains tariffs and is subject to the Public Service Commission's consumer complaint procedures, meet the dispute resolution requirements for Lifeline. This ETC is subject to the Public Service Commission's consumer complaint procedures and shall use the Public Service Commission's consumer complaint procedures to meet the dispute resolution requirements for Lifeline.

## 2.7 VERIFICATION OF CONTINUED ELIGIBILITY

## 2.7.1 General

## 2.7.1.1

The Lifeline program requires this ETC to annually monitor the continued eligibility of Lifeline participants by requiring each Lifeline subscriber, both existing subscribers and new subscribers, to provide annual self-certifications attesting to their continued eligibility of the program. During the re-certification process for year 2012, the Telephone Company shall re-certify all of their subscribers claimed on their June FCC Form 497 and report the results of this annual re-certification process to the Commission, USAC, and the Arkansas State Commission by the end of 2012. Beginning in 2013, this Telephone Company will annually choose to either, where ETCs cannot re-certify their subscribers by accessing a database, to re-certify their Lifeline customers on a annual basis or elect to have USAC re-certify them. Also, should the Telephone Company choose to use a state of federal program database to confirm a consumers ongoing eligibility for Lifeline, the annual re-certification will not be implemented.

## ARKANSAS PUBLIC SERVICE COMMISSION

2nd Revised \_\_\_\_\_ Sheet No. 2-8  
 1st Revised \_\_\_\_\_ Sheet No. 2-8  
 Central Arkansas Telephone Cooperative, Inc.  
 Company Name  
 Kind of Service Telecommunications Class of Service: All  
 Part III. Rate Schedule No., 2  
 Title: **LIFELINE SERVICE**

ARK. PUBLIC SERV. COMM.

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## (CT) 2. LIFELINE ASSISTANCE PROGRAM (continued)

## 2.7 VERIFICATION OF CONTINUED ELIGIBILITY (cont)

## 2.7.2 (Reserved for future use).

2.7.2.1 (Reserved for future use)

2.7.2.2 (Reserved for future use)

## 2.8 PROCESS FOR TERMINATION OF LIFELINE BENEFITS

## 2.8.1 General

2.8.1.1 A consumer's eligibility for Lifeline may be terminated due to failure to maintain qualifications for Lifeline. This ETC shall follow the required process for termination of Lifeline benefits.

## 2.8.2 Process

2.8.2.1 Customers will be notified of the impending termination of Lifeline benefits in a letter separate from the consumer's monthly bill.

2.8.2.2 The customer will have up to sixty (60) days from the date of the termination letter in which to demonstrate his or her continued eligibility before Lifeline support is discontinued.

2.8.2.3 A customer who appeals must present proof of continued eligibility consistent with the above Lifeline qualifications.

2.8.2.4 This ETC will terminate Lifeline services for subscribers who fail to demonstrate continued eligibility within the sixty (60) day time period.



## ARKANSAS PUBLIC SERVICE COMMISSION

2nd Revised

Sheet No. 2-9

ARK. PUBLIC SERV. COMM

1st Revised

Sheet No. 2-9

SECRETARY OF COMM.

Central Arkansas Telephone Cooperative, Inc.

Company Name

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Kind of Service Telecommunications

Class of Service: All

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Part III. Rate Schedule No. 2

Title: LIFELINE SERVICE

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## (AT) 2. LIFELINE ASSISTANCE PROGRAM (continued)

## 2.9 RECORD RETENTION POLICY

## 2.9.1 General

## 2.9.1.1

The Federal Communications Commission has established specific record retention requirements for the Lifeline certification process. This ETC will have specific procedures to ensure its record retention policy complies with legal requirements.

2.9.2 This ETC, through its own recordkeeping or through the recordkeeping of the ALIVE Board and its third-party contractor on behalf of this ETC, shall maintain certification records for the period of time required by the Federal Communications Commission for all Lifeline participants.

2.9.3 This ETC shall retain certifications, signed by the subscriber, regarding the consumer's eligibility for Lifeline, including self-certifications, that income documentation accurately reflects the household income. This certification shall be retained at least as long as the consumer receives Lifeline service from this ETC or until this ETC is audited by the Administrator. This ETC shall maintain certifications for subscribers terminating Lifeline service for at least three (3) years after termination. Such records shall be maintained in compliance with all federal and Public Service Commission requirements and such records shall be provided to the Administrator or the Public Service Commission upon proper request.

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**2016 Progress Report**  
**For Central Arkansas Telephone Cooperative, Inc.**

**401697**

In its USF / ICC Transformation Order and subsequent Orders, the Federal Communications Commission ("FCC " or "Commission") requires Eligible Telecommunications Carriers ("ETCs") to submit a five-year build-out plan in a manner consistent with Section 54.202(a)(1)(ii) for the Commission's Rules by July 1, 2014 and to submit annual progress reports thereafter. Section 54.202(a)(1)(ii) states in part that ETCs are to submit a five-year plan that describes with specificity proposed improvements or upgrades to the ETC's network throughout its proposed service area. Each ETC shall estimate the area and population that will be served as a result of the improvements.

In its March 5, 2013 Order, the FCC specified that for rate-of-return carriers, the five-year plans "should describe the carrier's network improvement plan, which should provide greater visibility into current plans to extend broadband service to unserved locations in rate-of-return service territories". Central Arkansas Telephone Cooperative, Inc. ("CATC") is a rate-of-return carrier ETC and submitted its five-year network improvement plan in the 2015 submission, which was filed in June 2014. CATC now submits its SECOND Progress report in this, 2017 submission.

This progress report will focus on the activities that have transpired since the 2015 Progress report was submitted and which are planned to transpire during the remainder of 2016. As a point of reference and for historical purposes, CATC will include the original 5-year plan filed in the 2015 Submission and the 2015 Progress report.

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#### Estimated Federal Support for 2016 – (114)

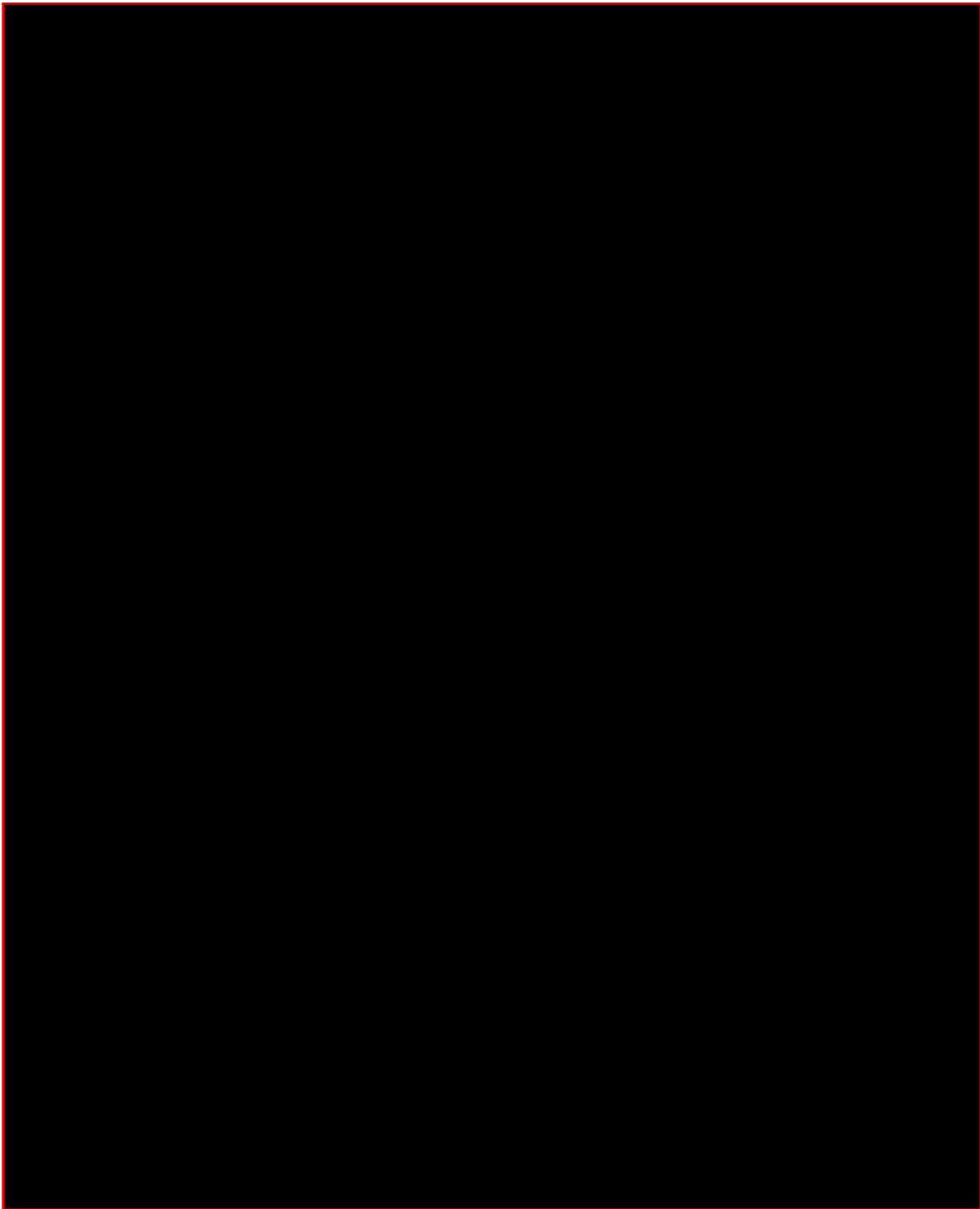
Per the Universal Service Administration Corporation's (USAC) 3rd Quarter 2016 projected support, CATC estimates their support funds in the following manner:

Connect America ICC Annual Support:	\$ 297,408
High Cost Loop Support Annual Support:	\$ 461,280
Interstate Common Line Annual Support:	<u>\$ 698,364</u>
Total Estimated Annual Support:	\$ 1,457,052

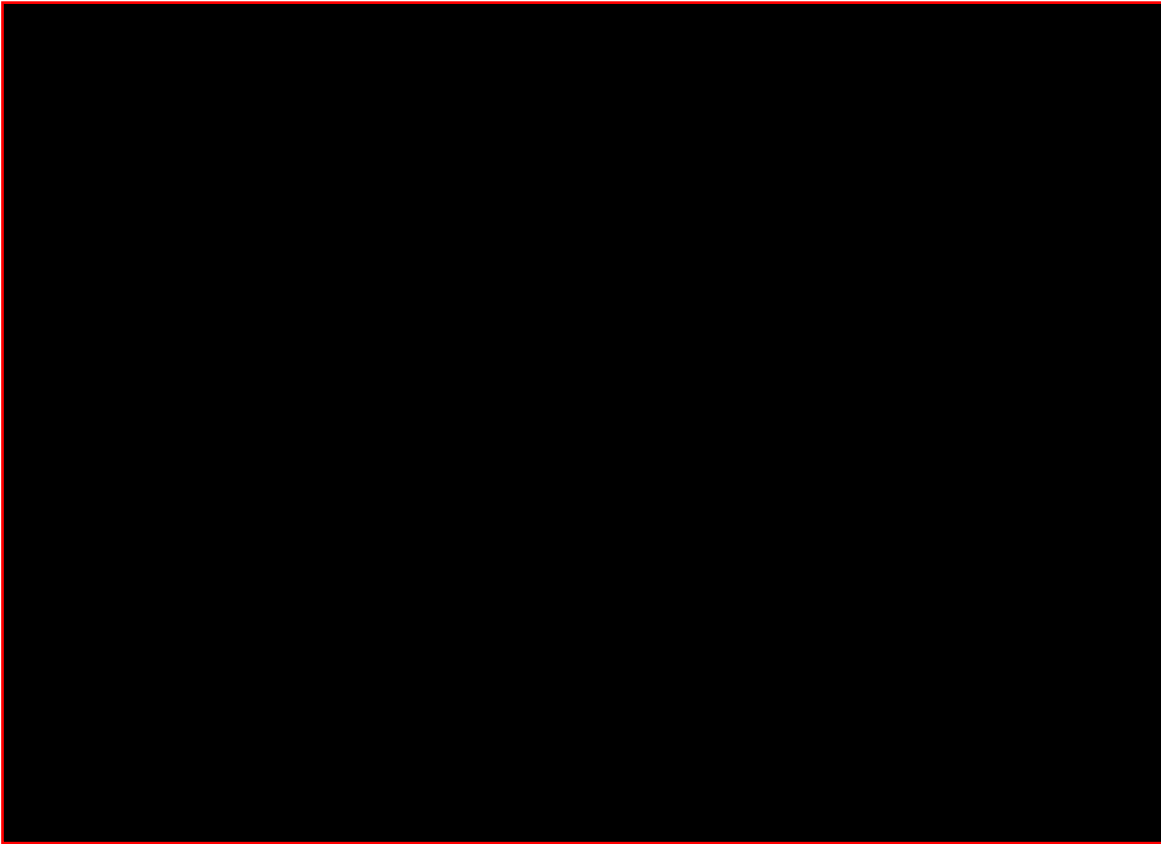
#### Summary of 2016 Progress – (115), (116), (117)



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Explanation of network improvement targets not met – (118)

CATC reports no targets were left unmet in the prior calendar year.

Map detailing its progress toward meeting its plan targets – (113)

Attachment A – reflects a google map showing the construction projects completed and currently under construction. Per the FCC instructions, companies are to provide a map reflecting progress made on network improvement targets. Other than general improvements in all CATC serving areas, the main construction projects in both exchanges as described above. These projects are completed or

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are currently under construction and are planned to be completed by December 31, 2016.

**Historical - 2015 Progress Report Submitted in the 2016 filing**

**For Central Arkansas Telephone Cooperative, Inc.**

**401697**

In its USF / ICC Transformation Order and subsequent Orders, the Federal Communications Commission ("FCC " or "Commission") requires Eligible Telecommunications Carriers ("ETCs") to submit a five-year build-out plan in a manner consistent with Section 54.202(a)(1)(ii) for the Commission's Rules by July 1, 2014 and to submit annual progress reports thereafter. Section 54.202(a)(1)(ii) states in part that ETCs are to submit a five-year plan that describes with specificity proposed improvements or upgrades to the ETC's network throughout its proposed service area. Each ETC shall estimate the area and population that will be served as a result of the improvements.

In its March 5, 2013 Order, the FCC specified that for rate-of-return carriers, the five-year plans "should describe the carrier's network improvement plan, which should provide greater visibility into current plans to extend broadband service to unserved locations in rate-of-return service territories". Central Arkansas Telephone Cooperative, Inc. ("CATC") is a rate-of-return carrier ETC and submitted its five-year network improvement plan in the 2015 submission, which was filed in June 2014. CATC now submits its first Progress report in this, 2016 submission.



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This progress report will focus on the activities that have transpired to-date in funding year 2015 as well as activities which are planned to transpire during the remainder of 2015. As a point of reference and for historical purposes, CATC will include the original 5-year plan filed in the 2015 Submission.

#### Estimated Federal Support for 2015 – (114)

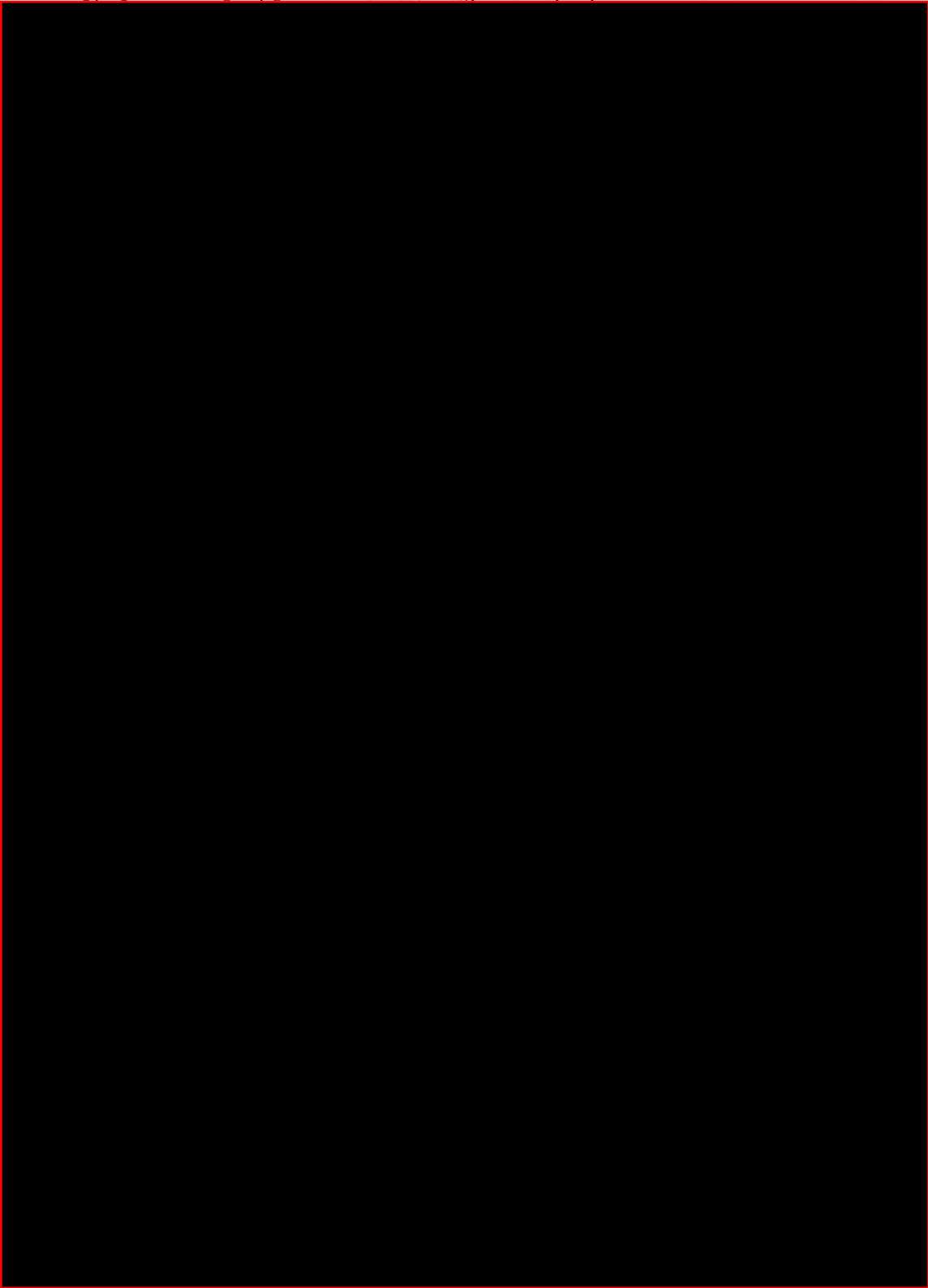
Per the Universal Service Administration Corporation's (USAC) Third Quarter 2015 projected support, CATC estimates their support funds in the following manner:

Connect America ICC Annual Support:	\$ 354,696
High Cost Loop Support Annual Support:	\$ 359,196
Interstate Common Line Annual Support:	\$ 715,752
Total Estimated Annual Support:	\$ 1,429,644

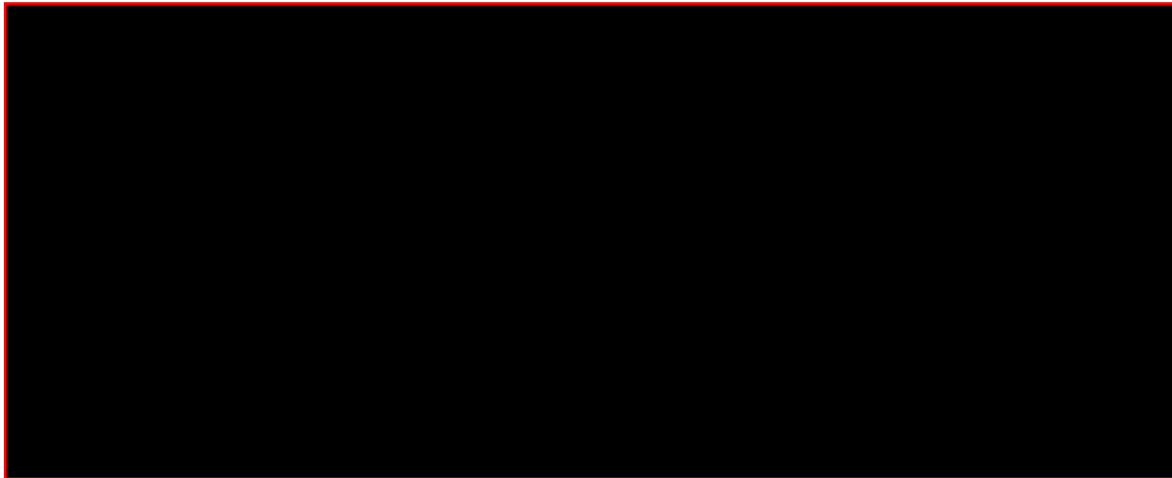
#### Summary of 2015 Progress – (115), (116), (117)



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Explanation of network improvement targets not met – (118)

CATC reports no targets were left unmet in the prior calendar year.

Map detailing its progress toward meeting its plan targets – (113)

Attachment A – reflects a google map showing the construction projects completed and currently under construction. Per the FCC instructions, companies are to provide a map reflecting progress made on network improvement targets. Other than general improvements in all CATC serving areas, the main construction projects in both exchanges as described above. These projects are completed or are currently under construction and are planned to be completed by December 31, 2015.

## **HISTORICAL 5 YEAR PLAN SUBMITTED IN THE 2015 SUBMISSION**

### **Five-Year network Improvement Plan**

### **For Central Arkansas Telephone Cooperative, Inc.**

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In its USF / ICC Transformation Order and subsequent Orders, the Federal Communications Commission ("FCC " or "Commission") requires Eligible Telecommunications Carriers ("ETCs") to submit a five-year build-out plan in a manner consistent with Section 54.202(a)(1)(ii) for the Commission's Rules by July 1, 2014 and to submit annual progress reports thereafter. Section 54.202(a)(1)(ii) states in part that ETCs are to submit a five-year plan that describes with specificity proposed improvements or upgrades to the ETC's network throughout its proposed service area. Each ETC shall estimate the area and population that will be served as a result of the improvements.

In its March 5, 2013 Order, the FCC specified that for rate-of-return carriers, the five-year plans " should describe the carrier's network improvement plan, which should provide greater visibility into current plans to extend broadband service to unserved locations in rate-of-return service territories". Central Arkansas Telephone Cooperative, Inc. ("CATC") is a rate-of-return carrier ETC and hereby submits its five-year network improvement plan.

**I. The Challenges Faced by the Cooperative in Providing Voice and Broadband to its Rural Service Area**

**A. Description of the Company and its Service Area**

Central Arkansas Telephone Cooperative's service area is located in southern Hot Spring County. CATC provides both voice and broadband to this areas. The serving area is very rural with extremely long loop lengths and low per subscriber per mile counts. The area is predominantly rural

with farming and pulpwood productions being the main sources of income. Hot Springs is the major commercial center for the area. CATC faces many challenges in providing services within its serving area, including a

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mountainous area to the north containing rock which can be difficult to place cable through and a railroad operating within its serving area, All of these factors, combined with the low population density, make construction complicated and expensive.

#### **B. The Exchanges Contained Within the Company's Study Area**

CATC owns and operates two (2) exchanges in central Arkansas. These exchanges are Bismarck and Donaldson.

### **II. The Company Has Used and Will Use Universal Service Support Only for the Intended Purpose**

Section 254(e) of the Communications Act of 1934, as amended requires ETCs to use Universal Service Support ("USF") only for the provision, maintenance, and upgrading of facilities and services for which the support is intended. Pursuant to Section 54.314 of the FCC's rules, in order for state-designated ETCs to receive USF for the coming year, states must annually file certifications by October 1 stating that all federal high-cost support provided to such carriers within the state " was used in the preceding calendar year and will be used in the coming calendar year only for the provision, maintenance, and upgrading of facilities and services for which the support is intended." ETCs not designated by the state must file similar certifications with the FCC.

In its USF/ICC Transformation Order, the FCC clarified that prior to making the Section 254(e) certifications, states should conduct a "rigorous examination of the factual information" contained in the annual Section 54.313 reports, of which the

five year network improvement plan and annual progress reports are a part, in determining whether they can certify that carriers' support has been used and will be used only for the purpose for which the support was intended. The FCC said

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that it would also use the reports to verify certifications filed by ETCs that are not state-designated. In this context, the Commission stated, " in light of the public interest obligations we adopt in this Order, a key component of the Section 254(E) certification will now be that support is being used to maintain and extend modern networks capable of providing voice and broadband service.

Essentially, under the existing rules and processes, the federal USF received by the Company and other incumbent rural telephone companies are, in fact, an integral part of the recovery of expenditures of rural incumbent local exchange carriers incurred in the provision, maintenance and upgrading their provision of facilities and services for which the USF is intended. Central Arkansas Telephone Cooperative, Inc. depends upon its receipt and utilization of federal universal service support to provide rural telephone customers with affordable and quality voice and broadband services.

Accordingly, given the critical role the network improvement plan and the progress reports will have in the annual Section 254(e) certification process, Central Arkansas Telephone Cooperative, Inc.'s plan and progress reports will demonstrate not only how CATC has used and will use USF not only for improvements and upgrades, but also for the provision and maintenance of the facilities and services to which the support was intended.

### **III. The Company's Five-Year Network Improvement Plan**

When the Commission adopted its five-year plan requirements for FCC designated ETCs in its 2005 ETC Order, it set forth the following criteria as to how the ETC is

to describe with "specificity" the proposed improvements or upgrades to the ETC's network throughout its service area:



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(1) how signal quality, coverage, or capacity will improve due to the receipt of high-cost support throughout the area for which the ETC seeks designation; (2) the projected start date and completion date for each improvement and the estimated amount of investment for each project that is funded by high-cost support; (3) the specific geographic areas where the improvements will be made; and (4) the estimated population that will be served as a result of the improvements.

In that order, the FCC clarified that service quality improvements in the five-year plan "do not necessarily require additional construction of network facilities." Accordingly, the improvements listed in the plan may be projects related to the expansion of the network (one or multiple service), projects related to updating technology to accommodate new services or higher bandwidth or maintenance projects, such as to reduce trouble reports and replace outdated equipment. Additionally, in some cases, the projects may be ones that improve or upgrade the entire network rather than discrete areas within a study area or they may be ones that are ongoing projects that have no specific start and completion dates.

The instructions to the Form 481 state "recipients may describe where improvements are expected to occur by wire center or census block, as appropriate. To the extent no improvements are planned in specific areas, the five-year plan should so indicate." The instructions also require that in subsequent annual progress reports which must include the total amount of universal support received must provide this information "broken out separately by the amount spent on capital expenses and the amount spent on operating expenses."

Accordingly, the Company's five-year plan separately provides both capital expenditures and operating expenses.

#### **A. The Company's Major Network Improvement Projects**

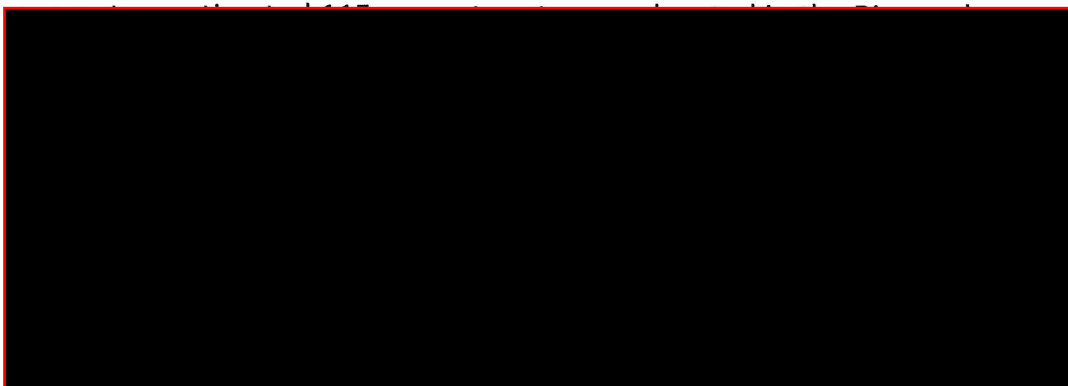
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Based upon this framework, Part A, attached, reflects Central Arkansas Telephone Cooperative, Inc.'s major network improvement projects for the five calendar years 2015 through 2019 along with the start and completion dates, capital cost, areas and population associated with those projects

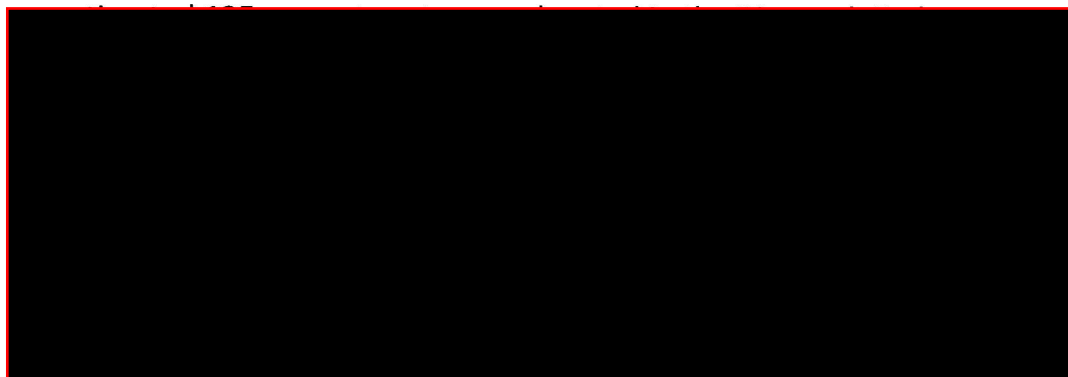
### **B. How These Projects Will Improve the Network**

Below is a detailed description of each project listed in the attached Part A.

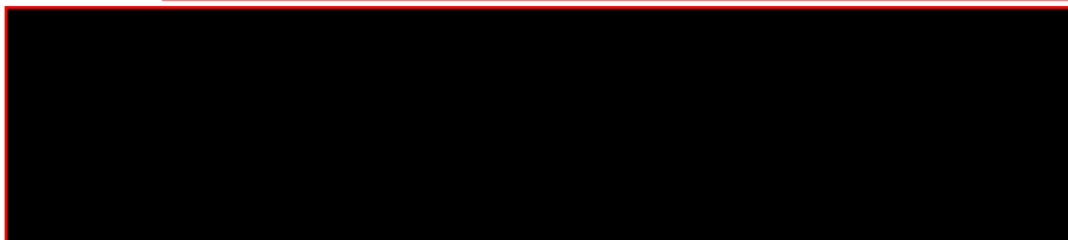
Project 1 -



Project 2 -



Project 3 -



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Project 4 - [REDACTED]



Project 5 - [REDACTED]

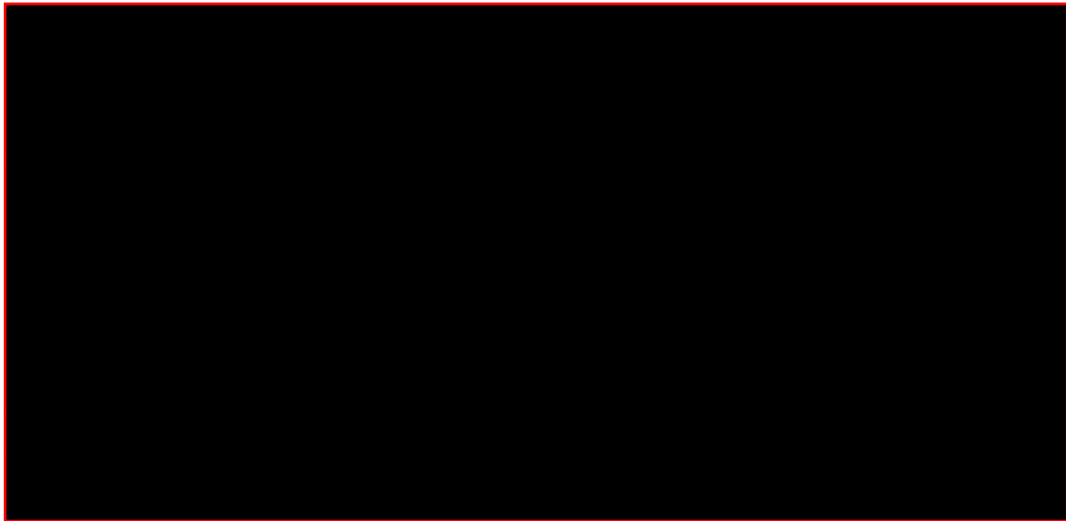


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Project 6 -



Project 7 -



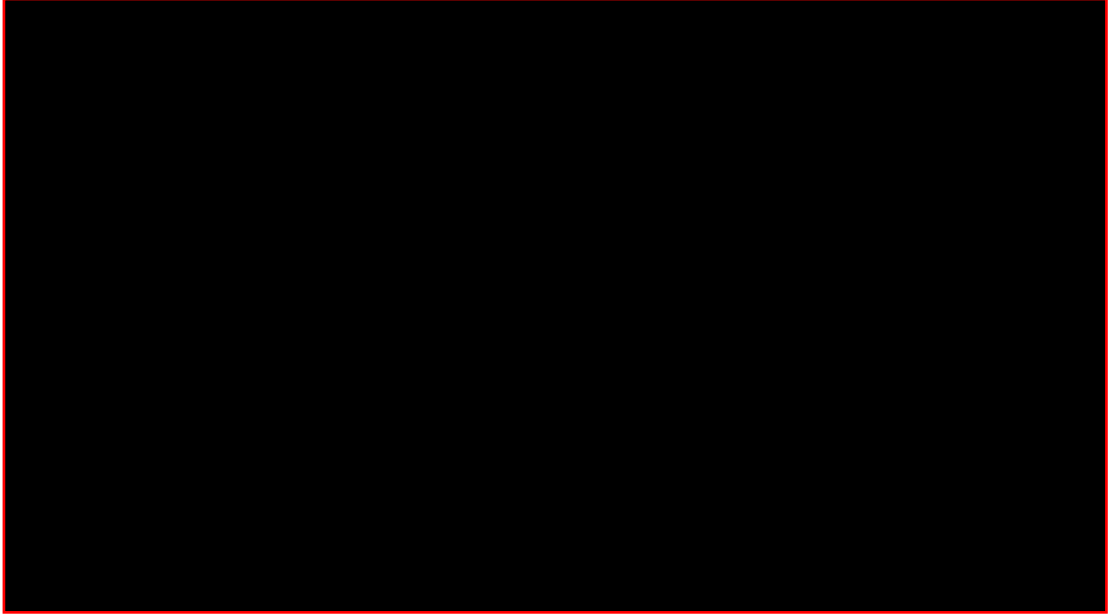
Project 8 -



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Project 9 -



Project 10 -

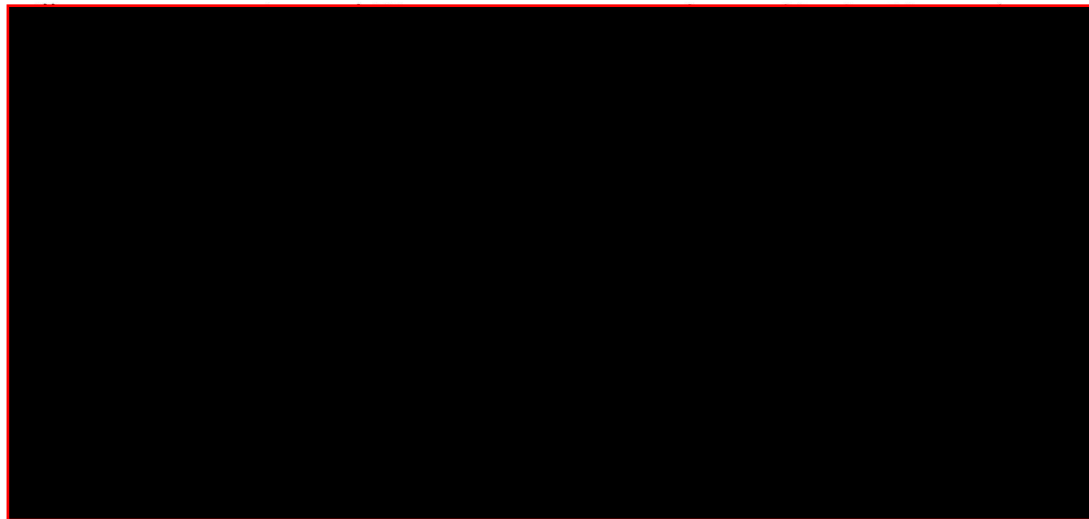


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Project 11 - [REDACTED]



Project 12 - [REDACTED]



Project 13 - [REDACTED]





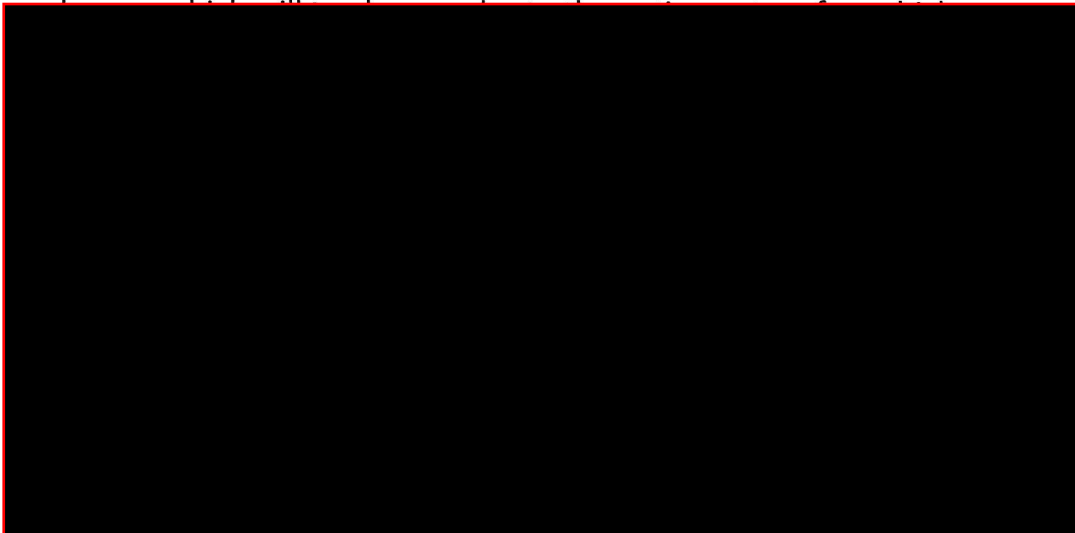
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Project 14 - [REDACTED]



Project 15 - [REDACTED]



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[REDACTED]

Project 16 -

[REDACTED]

[REDACTED]

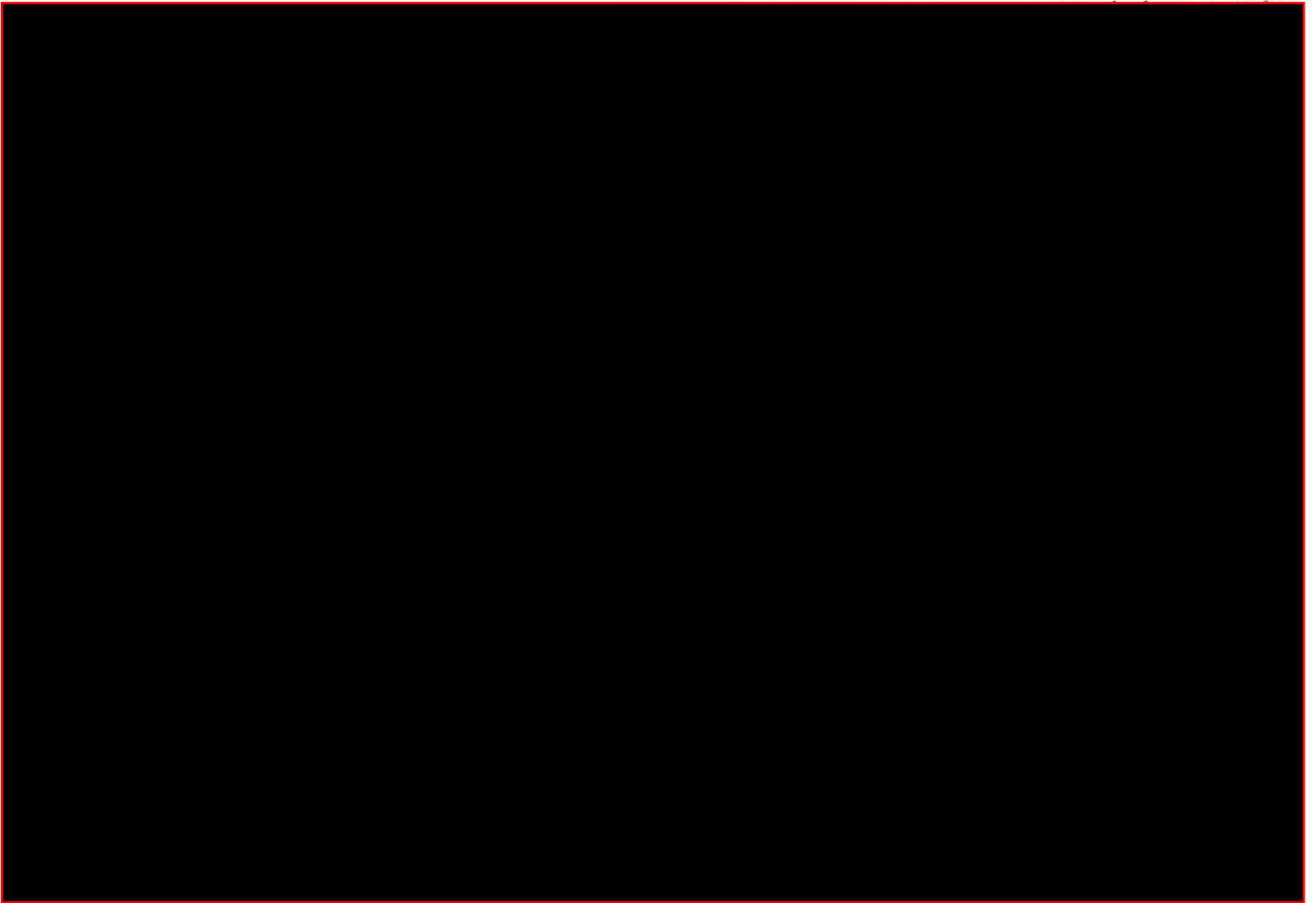
Project 17 -

[REDACTED]

[REDACTED]

Central Arkansas Telephone Cooperative, Inc.  
401697  
2016 Construction Status

Attachment A



**Central Arkansas Telephone Cooperative, Inc.**

**Response to Lines 3012 – Newly Served Anchor Institutions**

Central Arkansas Telephone Cooperative, Inc. (“Company”) hereby certifies that they have had no new requests for broadband service from any community anchor institution during the preceding calendar year.

**Central Arkansas Telephone Cooperative, Inc.****Response to Lines 3010 – Milestone Certification**

Central Arkansas Telephone Cooperative, Inc. (“Company”) hereby certifies that they have taken reasonable steps to provide upon reasonable request broadband service at actual speeds of 4 Mbps downstream and 1 Mbps upstream, with latency suitable for real-time applications, including Voice over Internet Protocol, and usage capacity that is reasonable comparable to comparable offerings in urban areas, and that requests for such service are met within a reasonable amount of time as set forth in the Code of Federal Regulations, Title 47, Part 54, Subpart C, §54.313(f)(1)(i).

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

<b>USDA-RUS</b>  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>		<i>This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.</i> <b>BORROWER NAME</b>  Central Arkansas Telephone Cooperative, Inc.  (Prepared with Audited Data)			
<b>INSTRUCTIONS</b> -Submit report to RUS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.		<b>PERIOD ENDING</b> December, 2015	<b>BORROWER DESIGNATION</b> AR0515		
<b>CERTIFICATION</b>  We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief. <b>ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.</b>  <b>DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII</b> (Check one of the following)					
<input checked="" type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects.		<input type="checkbox"/> There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report			
<u>john faris</u>		<u>4/5/2016</u> DATE			
<b>PART A. BALANCE SHEET</b>					
<b>ASSETS</b>	<b>BALANCE PRIOR YEAR</b>	<b>BALANCE END OF PERIOD</b>	<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>BALANCE PRIOR YEAR</b>	<b>BALANCE END OF PERIOD</b>
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
1. Cash and Equivalents			25. Accounts Payable		
2. Cash-RUS Construction Fund			26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable			28. Customer Deposits		
b. Other Accounts Receivable			29. Current Mat. L/T Debt		
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable			32. Income Taxes Accrued		
b. Other Accounts Receivable			33. Other Taxes Accrued		
c. Notes Receivable			34. Other Current Liabilities		
5. Interest and Dividends Receivable			<b>35. Total Current Liabilities (25 thru 34)</b>		
6. Material-Regulated			<b>LONG-TERM DEBT</b>		
7. Material-Nonregulated			36. Funded Debt-RUS Notes		
8. Prepayments			37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes		
<b>10. Total Current Assets (1 Thru 9)</b>			39. Funded Debt-Other		
<b>NONCURRENT ASSETS</b>			40. Funded Debt-Rural Develop. Loan		
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Reacquired Debt		
b. Nonrural Development			43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development			<b>46. Total Long-Term Debt (36 thru 45)</b>		
13. Nonregulated Investments			<b>OTHER LIAB. &amp; DEF. CREDITS</b>		
14. Other Noncurrent Assets			47. Other Long-Term Liabilities		
15. Deferred Charges			48. Other Deferred Credits		
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
<b>17. Total Noncurrent Assets (11 thru 16)</b>			50. Total Other Liabilities and Deferred Credits (47 thru 49)		
<b>PLANT, PROPERTY, AND EQUIPMENT</b>			<b>EQUITY</b>		
18. Telecom, Plant-in-Service			51. Cap. Stock Outstand. & Subscribed		
19. Property Held for Future Use			52. Additional Paid-in-Capital		
20. Plant Under Construction			53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation			55. Other Capital		
<b>23. Net Plant (18 thru 21 less 22)</b>			56. Patronage Capital Credits		
<b>24. TOTAL ASSETS (10+17+23)</b>			57. Retained Earnings or Margins		
			<b>58. Total Equity (51 thru 57)</b>		
			<b>59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)</b>		

Total Equity = [REDACTED]

<p align="center">USDA-RUS</p> <p align="center"><b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b></p>	<p>BORROWER DESIGNATION</p> <p>AR0515</p>	
<p>INSTRUCTIONS- See RUS Bulletin 1744-2</p>	<p>PERIOD ENDING</p> <p>December, 2015</p>	
<p align="center"><b>PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS</b></p>		
ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues		
2. Network Access Services Revenues		
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues		
5. Miscellaneous Revenues		
6. Uncollectible Revenues		
7. Net Operating Revenues (1 thru 5 less 6)		
8. Plant Specific Operations Expense		
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)		
10. Depreciation Expense		
11. Amortization Expense		
12. Customer Operations Expense		
13. Corporate Operations Expense		
14. Total Operating Expenses (8 thru 13)		
15. Operating Income or Margins (7 less 14)		
16. Other Operating Income and Expenses		
17. State and Local Taxes		
18. Federal Income Taxes		
19. Other Taxes		
20. Total Operating Taxes (17+18+19)		
21. Net Operating Income or Margins (15+16-20)		
22. Interest on Funded Debt		
23. Interest Expense - Capital Leases		
24. Other Interest Expense		
25. Allowance for Funds Used During Construction		
26. Total Fixed Charges (22+23+24-25)		
27. Nonoperating Net Income		
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income		
31. Total Net Income or Margins (21+27+28+29+30-26)		
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year		
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital		
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]		
40. Patronage Capital Beginning-of-Year		
41. Transfers to Patronage Capital		
42. Patronage Capital Credits Retired		
43. Patronage Capital End-of-Year (40+41-42)		
44. Annual Debt Service Payments		
45. Cash Ratio [(14+20-10-11) / 7]		
46. Operating Accrual Ratio [(14+20+26) / 7]		
47. TIER [(31+26) / 26]		
48. DSCR [(31+26+10+11) / 44]		

USDA-RUS  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>  <i>INSTRUCTIONS - See RUS Bulletin 1744-2</i>						BORROWER DESIGNATION AR0515  PERIOD ENDED December, 2015	
<b>Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, &amp; HIGH SPEED DATA INFORMATION</b>							
	<b>1. RATES</b>		<b>2. SUBSCRIBERS (ACCESS LINES)</b>			<b>3. ROUTE MILES</b>	
EXCHANGE	B-1	R-1	BUSINESS	RESIDENTIAL	TOTAL	TOTAL (including fiber)	FIBER
	(a)	(b)	(a)	(b)	(c)	(a)	(b)
BISMARCK	21.00	15.25	[REDACTED]				
DONALDSON	21.00	15.25					
MobileWireless							
Route Mileage Outside Exchange Area							
Total							
No. Exchanges	2						



USDA-RUS  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>  INSTRUCTIONS - See RUS Bulletin 1744-2							BORROWER DESIGNATION AR0515  PERIOD ENDED December, 2015	
<b>Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, &amp; HIGH SPEED DATA INFORMATION</b>								
<b>4. BROADBAND SERVICE</b>								
<b>Details on Least Expensive Broadband Service</b>								
EXCHANGE	No. Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Number Of Subscribers (c)	Advertised Download Rate (Kbps) (d)	Advertised Upload Rate (Kbps) (e)	Price Per Month (f)	Standalone/Pckg (f)	Type Of Technology (g)
BISMARCK							standAlone	DSL
DONALDSON							standAlone	DSL
Total								

<b>USDA-RUS</b>  <b>OPERATING REPORT FOR</b> <b>TELECOMMUNICATIONS BORROWERS</b>			BORROWER DESIGNATION AR0515		
			PERIOD ENDING December, 2015		
INSTRUCTIONS- See RUS Bulletin 1744-2					
<b>PART D. SYSTEM DATA</b>					
1. No. Plant Employees	2. No. Other Employees	3. Square Miles Served			
7	7	272			
<b>PART E. TOLL DATA</b>					
1. Study Area ID Code(s)  a. 401697 b. _____ c. _____ d. _____ e. _____ f. _____ g. _____ h. _____ i. _____ j. _____		2. Types of Toll Settlements (Check one)  <div style="display: flex; justify-content: space-between;"> <div>             Interstate: <input type="checkbox"/> Average Schedule               Intrastate: <input type="checkbox"/> Average Schedule           </div> <div> <input checked="" type="checkbox"/> Cost Basis   <input checked="" type="checkbox"/> Cost Basis           </div> </div>			
<b>PART F. FUNDS INVESTED IN PLANT DURING YEAR</b>					
1. RUS, RTB, & FFB Loan Funds Expended					
2. Other Long-Term Loan Funds Expended					
3. Funds Expended Under RUS Interim Approval					
4. Other Short-Term Loan Funds Expended					
5. General Funds Expended (Other than Interim)					
6. Salvaged Materials					
7. Contribution in Aid to Construction					
8. Gross Additions to Telecom. Plant (1 thru 7)					
<b>PART G. INVESTMENTS IN AFFILIATED COMPANIES</b>					
<b>INVESTMENTS</b>  <i>(a)</i>	CURRENT YEAR DATA		CUMULATIVE DATA		
	Investment This Year	Income/Loss This Year	Cumulative Investment To Date	Cumulative Income/Loss To Date	Current Balance
	<i>(b)</i>	<i>(c)</i>	<i>(d)</i>	<i>(e)</i>	<i>(f)</i>
1. Investment in Affiliated Companies - Rural Development					
2. Investment in Affiliated Companies - Nonrural Development					

<b>USDA-RUS</b>  <b>OPERATING REPORT FOR</b> <b>TELECOMMUNICATIONS BORROWERS</b>	BORROWER DESIGNATION AR0515  PERIOD ENDING December, 2015
<b>PART H. CURRENT DEPRECIATION RATES</b>	
Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one) <span style="float: right;"> <input checked="checked" type="checkbox"/> YES           <input type="checkbox"/> NO         </span>	
<b>EQUIPMENT CATEGORY</b>	<b>DEPRECIATION RATE</b>
1. Land and support assets - Motor Vehicles	
2. Land and support assets - Aircraft	
3. Land and support assets - Special purpose vehicles	
4. Land and support assets - Garage and other work equipment	
5. Land and support assets - Buildings	
6. Land and support assets - Furniture and Office equipment	
7. Land and support assets - General purpose computers	
8. Central Office Switching - Digital	
9. Central Office Switching - Analog & Electro-mechanical	
10. Central Office Switching - Operator Systems	
11. Central Office Transmission - Radio Systems	
12. Central Office Transmission - Circuit equipment	
13. Information origination/termination - Station apparatus	
14. Information origination/termination - Customer premises wiring	
15. Information origination/termination - Large private branch exchanges	
16. Information origination/termination - Public telephone terminal equipment	
17. Information origination/termination - Other terminal equipment	
18. Cable and wire facilities - Poles	
19. Cable and wire facilities - Aerial cable - Metal	
20. Cable and wire facilities - Aerial cable - Fiber	
21. Cable and wire facilities - Underground cable - Metal	
22. Cable and wire facilities - Underground cable - Fiber	
23. Cable and wire facilities - Buried cable - Metal	
24. Cable and wire facilities - Buried cable - Fiber	
25. Cable and wire facilities - Conduit systems	
26. Cable and wire facilities - Other	

USDA-RUS		BORROWER DESIGNATION AR0515
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		PERIOD ENDED December, 2015
INSTRUCTIONS – See help in the online application.		
<b>PART I – STATEMENT OF CASH FLOWS</b>		
<b>1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>2. Net Income</b>		
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>		
3. Add: Depreciation		
4. Add: Amortization		
5. Other (Explain) [REDACTED]		
<i>Changes in Operating Assets and Liabilities</i>		
6. Decrease/(Increase) in Accounts Receivable		
7. Decrease/(Increase) in Materials and Inventory		
8. Decrease/(Increase) in Prepayments and Deferred Charges		
9. Decrease/(Increase) in Other Current Assets		
10. Increase/(Decrease) in Accounts Payable		
11. Increase/(Decrease) in Advance Billings & Payments		
12. Increase/(Decrease) in Other Current Liabilities		
<b>13. Net Cash Provided/(Used) by Operations</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
14. Decrease/(Increase) in Notes Receivable		
15. Increase/(Decrease) in Notes Payable		
16. Increase/(Decrease) in Customer Deposits		
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)		
18. Increase/(Decrease) in Other Liabilities & Deferred Credits		
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital		
20. Less: Payment of Dividends		
21. Less: Patronage Capital Credits Retired		
22. Other (Explain) [REDACTED]		
<b>23. Net Cash Provided/(Used) by Financing Activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
24. Net Capital Expenditures (Property, Plant & Equipment)		
25. Other Long-Term Investments		
26. Other Noncurrent Assets & Jurisdictional Differences		
27. Other (Explain) [REDACTED]		
<b>28. Net Cash Provided/(Used) by Investing Activities</b>		
<b>29. Net Increase/(Decrease) in Cash</b>		
<b>30. Ending Cash</b>		

Revision Date 2010